

Internal Revenue Service  
P. O. Box 260, Newark, N. J. 07101

District  
Director

Department of the Treasury

Denial

L-1

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

JUN 16 1983

\*Gentlemen:

We have considered your application for exemption from Federal income tax under the provisions of Section 501(a) and as an organization described in Section 501(c)(7) of the Internal Revenue Code.

Section 501(c)(7) of the Code exempts organizations organized and operated substantially for pleasure, recreation, and other non-profitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

In your organization's case, you are a homeowners association whose activities are to represent the interests of and to act on matters pertaining to providing services such as maintenance of streets and administering and enforcing covenants for preserving the appearance of the development. Provision of such services has been held in Revenue Ruling 75-494, 1975-2 C.B. 214 not to be a social or recreational activity. Therefore, it is concluded that you do not qualify for exemption under Section 501(c)(7) of the Internal Revenue Code.

You may possibly qualify under section 528 of the Code as a homeowner association. If you wish status as a section 528 organization, you must file Form 1120H within the allocated period which is the fifteenth day of the third month following the close of your accounting period. If you do not file Form 1120H, you are required to file Federal income tax returns on Form 1120 within two and one-half months following the end of your accounting period.

Publication 892 accompanies this letter and describes your appeal rights fully, should you decide to appeal this determination.

Sincerely yours,

District Director